from duality of control, lack of professional management, high intermediation cost, low profitability/losses, poor recovery, high levels of non-performing assets, etc. The Task Force recommended a four dimensional revitalization package encompassing financial, operational, organization and systematic aspects including recapitalisation of potentially viable cooperative credit institutions. Subsequently, a committee under the Chairmanship of Minister of State for Finance had been constituted for consideration of revitalization assistance to cooperative banks. Subsequent to the submission of the report by the Committee, Government has made a provision of Rs. 100 crore in the Budget for the year 2002-2003 for revitalising the cooperative banks including Agriculture and Rural Development Banks.

Performance of Banks

4307. SHRI K.M. KHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government have conducted any study to evaluate the performance of various Scheduled Commercial Banks including Nationalised Banks in regard to priority sector lending;

(b) whether RBI has put in place a monitoring mechanism to supervise/ oversee the compliance of banks to its guidelines in regard to issuing credit to priority sector upto 40 per cent of net bank credit;

(c) the number of banks which have adhered to or failed to comply with the guidelines; and

(d) the measures taken to penalize banks for non-compliance with the guidelines?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL):

(a) Reserve Bank of India (RBI) has reported that the review of bank performance in lending to the priority sector is done at regular intervals with a view to formulate adequate policy responses. RBI has not conducted any special study to evaluate the performance of various nationalized banks in regard to priority sector lending.

(b) RBI has a monitoring mechanism in place for keeping track of the bank's performance *vis-a-vis* the priority sector stipulation as reflected in half-

yearly and annual data received from banks. RBI takes stock of the bank-wise achievement/shortfall position as on the last reporting Friday of March every year.

(c) and (d) RBI has further reported that 2 public sector banks and 11 private sector banks failed to achieve their priority sector lending targets as on the last reporting Friday of March, 2001. Effective from 1995, a Rural Infrastructure Development Fund (RIDF) has been created in NABARD for providing loans to State Governments/State-owned Corporations or bodies for undertaking new infrastructure projects or completing existing projects relating to irrigation, soil conservation, watershed management and other rural infrastructure. The fund is created out of contribution by defaulting domestic banks for their failure to achieve targets in priority sector/agriculture lending. Keeping in view the concern expressed in different quarters over failure of banks to achieve the targets in priority sector/agriculture lending, RBI have made RIDF-VII more effective by linkings the rates of interest payable on RIDF deposits inversely to the banks' performance in lending to agriculture. Accordingly, banks are now receiving interest on their contribution to RIDF at rates inversely proportional to their shortfall in agricultural lending.

The interest rate on loans to State Government (s) from RIDF-VIII has been pared by 200 basis points from 10.5 per cent to 8.5 per cent in this years' budget, the interest rate on the deposits made by banks in RIDF-VIII have been set as per details given below:

Shortfall in lending to agriculture in terms of percentage to NBC	Rate of Interest on the entire Deposit being made in RIDF-VII	Rate of Interest on the entire deposit to be made in RIDF-VIII
Less than 2 percentage points	10.0	8.0
2 per cent to 4.99 percentage points	9.0	7.0
5 per cent to 8.99 percentage points	8.0	6.0
Above 9 percentage points	7.0	5.0